

EXECUTIVE SECRETARIAT

Routing Slip

TO:		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI		X		
3	EXDIR				
4	D/ICS				
5	DDI		X		
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/EEO				
14	D/Pers				
15	D/OEA				
16	C/PAD/OEA				
17	SA/IA				
18	AO/DCI				
19	C/DPD/OIS				
20	C/TTAC	X			
21	ES		X		
22					
		SUSPENSE	1 July		
			Date		

Remarks:

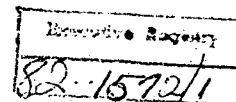
D/ Executive Secretary

24 June 82

Date

3637 (10-81)

SECRET




23 June 1982

MEMORANDUM FOR: Chief, Technology Transfer Assessment Center

FROM: Director of Central Intelligence

SUBJECT: Technology Exports

You are familiar with the details of this program. Will you take a look at this during the week and the counterintelligence report as sent out to participating agencies and see how you would modify it to insure an adequate treatment of the technology transfer subject with emphasis on what additional capabilities, policies and laws might be needed to adequately counter the Soviet effort. It may be that the best way to handle this is to take the paper you gave me a few weeks ago on how we can counter technology transfer and bring it up to date with this development and others and treat it as an appendix to the report. I suggest this because a compressed description of the needed effort might be difficult to achieve and accordingly turn out to be inadequate.


William J. Casey

Attachment:
ER 82-1572

B-307

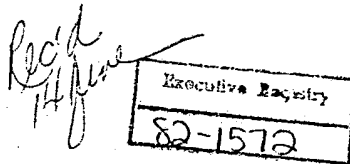
SECRET



U.S. DEPARTMENT OF COMMERCE
Under Secretary for International Trade

June 10, 1982

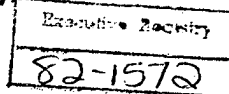
To: Bill Casey



From: Lionel H. Olmer

Neither Rome nor the Commerce Department
can be made up in a day but the attached
will reveal the substantial progress we
are making and will continue to make I
feel certain.

Attachment

5/21/82
DATE

L.A. TIMES

OUT OF TOWN COVERAGE

PAGE

Baldrige Creates Unit to Curb Technology Exports

By PAUL RICHTER, *Times Staff Writer*

Commerce Secretary Malcolm Baldrige said here Thursday that he has created a new enforcement arm within the department as part of a "top priority" effort to stem the increasing flow of advanced, military application hardware to Soviet bloc nations.

The department has added enforcement agents, opened a West Coast export-control office and increased scrutiny of export applications, Baldrige said. Assistant U.S. Atty. Theodore Wu, an illegal-export expert with the Justice Department's Los Angeles office, was nominated this month to head the unit in the newly created position of deputy assistant secretary for export enforcement.

"We have the systems to prevent the transfer of high technology products," he said in remarks to the Foreign Trade Assn. of Southern California, meeting at the Los Angeles Bonaventure hotel. "But the systems are out of date, and the problem keeps getting more serious."

Shifts the Blame

Baldrige's comments came two weeks after a Senate subcommittee released a report condemning the department's compliance division as poorly equipped and run by investigators who in some instances are "untrained and underqualified."

Baldrige acknowledged that the agency's efforts have not been adequate during his tenure, but tried to shift most blame from the Reagan Administration.

"Most of the examples (of export-control violations) in that subcommittee report came during the previous Administration," he said in an interview after his speech.

Baldrige's tough position on the export of sensitive high-technology goods seems a departure from the stance of previous Commerce secretaries, who have often acted as free-trade advocates in intra-governmental debates on trade policy.

In his remarks to the trade group, he said, "Some people whose interests are primarily commercial don't always appreciate the longer-term consequences of the export of criti-

cal technologies to our national security."

Baldrige declined to provide specifics of how many agents and how much additional money will be needed to control the problem.

The congressional report, issued by the permanent investigations subcommittee of the Senate Governmental Affairs Committee, said the department has six export-control inspectors. They include five at John F. Kennedy International Airport in New York and a sixth in Washington, D.C.

Area of Sensitivity

The subcommittee report recommended that the export-control functions be taken from Commerce's Office of Export Administration and be consolidated with the enforcement of other export laws within the Customs Service. Baldrige said much of the enforcement burden must be carried by U.S. businessmen who handle the U.S.-made computers, lasers and electronic components that can be put to military uses.

He said businessmen should be as sensitive to potential violations of export-control laws as they are to violations of antitrust or foreign corrupt-practices laws.

However, he stopped short of calling for a stiffening of the fines or jail terms for businessmen who violate the laws.

"The problem has just increased in the fairly recent past," he said. "We don't have enough experience to know whether the penalties are adequate."

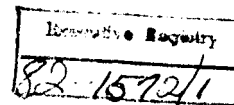
In a separate development, the undersecretary of commerce for international trade said the department has no present plans to bring suit against Japanese electronics manufacturers for dumping components in the United States.

In an interview, Undersecretary Lionel Olmer said that while several U.S. electronics companies have charged that Japanese firms have exported chips at below-cost prices to gain market share, "nobody's been willing to put that down on a paper that they would sign."

"Failing that, the department is not willing to self-initiate a dumping suit," he said.

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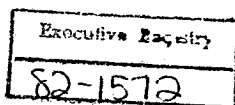
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